



Contract Award: Emergency Property Containment and Restoration Services (VAC 21028)

Item 3

March 26, 2021

Building Investment, Finance and Audit Committee

Report: BIFAC:2021-27

To: Building Investment, Finance and Audit Committee
("BIFAC")

From: General Counsel and Corporate Secretary

Date: March 19, 2021

PURPOSE:

The purpose of this report is to seek the BIFAC's and Board of Directors' ("Board") approval to award contracts for the emergency property containment and restoration services program based on the outcome of Request for Proposal ("RFP") 20299.

BIFAC and Board approval is required for the contract awards forming part of this program as they exceed the \$2.5M financial approval limit of TCHC's Procurement Award Committee ("PAC").

RECOMMENDATIONS:

It is recommended that the BIFAC approve and forward to the Board for approval the following recommendations:

- (a) Approve the award of the work up to \$44,000,000 (exclusive of taxes) to provide emergency property containment and restoration services throughout TCHC's portfolio, as needed, based on the outcome of Request for Proposal ("RFP") 20299 for a term of five years based on a program budget of up to \$26,400,000 for three

years (or \$8,800,000 annually) and up to \$17,600,000 for two additional one-year terms (or \$8,800,000 annually) at TCHC management's discretion as follows:

- I. Creative Concepts Construction (1519448 Ontario Inc.);
- II. Direct Construction Company Limited;
- III. Icon Restoration Services Inc.; and
- IV. Universal Cleaning & Painting Ltd.

- (b) Authorize the appropriate staff to take the necessary actions to give effect to the above recommendations.

REASONS FOR RECOMMENDATIONS:

Background

On February 23, 2018, the Board of Directors approved the award for the delivery of emergency property containment and restoration services (TCHC:C2018-11) for the amount of \$20M (\$4M annually) for a term of up to five years (three years, with the possibility of two additional one-year extensions at TCHC management's discretion). At the time that the Board approved the original contract, TCHC management advised that:

The anticipated value of the work to be awarded to the four proponents for the five-year term is approximately \$20M (\$4M annually) and is a projected cost based on historical spend.

This estimated spend became the upset limit for the contract through which this work was to be performed.

On December 15, 2020, the Board of Directors approved a change order of up to \$8,550,000.00 (exclusive of taxes) to the contract and a contract extension to May 31, 2021. At that time, the Board was advised that approval of the requested change order was necessary in order to:

- Provide for an additional seven point eight four million (\$7.84M) dollars (65.33% increase from original three-year contract of \$12M) based on increased costs to the containment and restoration program, which had exceeded the full \$12M of the original contract award for the initial three years; and
- Permit an additional six hundred and sixty thousand (\$660K) dollars for a three-month extension in addition to the one million (\$1M) dollars previously approved for the option to extend.

Pursuant to the Board's approval of the extension of the contract, the current program consists of three vendors and will expire on May 31, 2021.

This program addresses on-demand performance of Emergency Property Containment and Restoration Services. This is work that must be performed, without delay, in order to ensure that TCHC tenants are provided with a safe living environment. Since the start of the current contract in 2018, approximately 1,500 work orders were processed annually, with annual costs averaging approximately \$6,800,000.

To the limited extent that performance during the most recent contract term can be used to predict future program costs, of the total costs of claims captured by TCHC's EasyTrac ("ET") system, 35% of the costs are identified as containment costs, compared to 65% being restoration costs.

Table 1: Distribution between Restoration and Containment Costs

	Containment Costs	%	Restoration Costs	%	Total Claim Cost
March 2018 to March 2019	\$1,389,598	34	\$2,711,471	66	\$4,101,069
April 2019 to March 2020	\$1,364,892	31	\$2,928,341	69	\$4,293,233
April 2020 to March 2021	\$2,007,175	36	\$3,569,958	64	\$5,577,133
Total	\$4,761,665	35	\$9,209,770	65	\$13,971,435

At the same time, not all program costs are captured through the EasyTrac system. Costs that are not tracked through EasyTrac include items such as emergency repairs of elevators, hotel relocation expenses, fire watch, fire investigation, master key replacement, and transportation expenses. Over the period referenced in Table 1, these are estimated to be approximately an additional \$2,120,000 in costs.

Proponents are required to respond to calls for emergency property containment and restoration services on a 24 hours a day, 7 days a week basis, including statutory holidays.

PROCUREMENT PROCESS:

A public RFP was issued on December 1, 2020 and closed on January 11, 2021. Fifteen submissions were received. The proposals submitted were evaluated against rated criteria. Proposals that received an evaluation score equal to or exceeding the 70 point minimum required through the evaluation stage were considered further. Confidential Attachment 1 provides a summary of the submitted proposals.

The RFP included an itemized price list for emergency property containment and restoration services. The itemized price list offered to the proponents in the RFP was aligned with other TCHC programs such as Demand General Repairs and Move-outs/Unit Turns. The itemized price list for the current contract for Emergency Containment and Restoration was established in 2014 and remained static through the last two contract periods, resulting in the prices identified therein being significantly lower than the current market value. This pricing made it challenging for vendors to provide quality work. The increase in pricing is anticipated to result in a 7-8% increase in costs for property containment and 40% increase in costs for property restoration.

Proponents were requested to provide a price adjustment factor (%) that would be applied to all items on the price lists. The minimum price adjustment factor that could be submitted was 0% with a maximum of 20%.

The parties recommended in this report submitted the lowest price adjustment factor and are recommended for the scope of work. Unit prices for the contracted work were established on the basis of the average of the three lowest price adjustment factors submitted by proponents. In this case, three proponents submitted proposals that contemplated no adjustment to the unit prices contained in the RFP. As a result, the pricing remains unchanged from the price lists demonstrated in the RFP documents. Proponents are required to accept the price list established through this process in order to be eligible to perform the work.

The contracts for Emergency Containment and Restoration services are awarded based on blocks of work. This roster has four blocks of work. The recommended assignments for the vendors are outlined in the table below.

Table 2: Recommended Contracts

Vendors	Assigned areas
Creative Concepts Construction (1519448 Ontario Inc.)	Block 4: Groups B, C and D
Direct Construction Company Limited	Block 2: Groups G, H, I and Y
Icon Restoration Services Inc.	Block 3: Groups E, F, M and X
Universal Cleaning & Painting Ltd.	Block 1: Groups A, J, K and L

Creative Concepts, Direct Construction, Icon Restoration and Universal Cleaning & Painting satisfied all mandatory requirements and surpassed the standard required for its pricing proposal to be considered. The recommendation is based on awarding the work as per the RFP requirements.

The Procurement Award Committee approved the recommendation to award the work to Creative Concepts, Direct Construction, Icon Restoration and Universal Cleaning & Painting at its March 4, 2021 meeting, subject to BIFAC and Board approval. At that time, PAC took note of the following considerations:

- The award is within reasonable and acceptable range for the scope of work;
- The recommended proponents have performed similar work for TCHC with satisfactory results; and
- The recommended proponents have confirmed they have the capability and capacity to deliver the scope of work.

IMPLICATIONS AND RISKS:

The scope of work will provide Emergency Containment and Restoration services to:

- prevent and/or mitigate further loss and/or damage from the result of incidents (e.g. fire, flood), and to stabilize the environment in order for restoration work to take place; and

- provide repairs following emergency containment and remediation in order to restore the property to its pre-existing condition, and other repairs as required by TCHC as well as mold remediation including the removal, disposal and restoration of areas contaminated by mold either as a result of an emergency incident or on-going maintenance related causes.

This work reinstates the quality of housing for tenants, responding effectively and efficiently to building needs in the context of an emergency event.

To mitigate risks, staff will continuously and rigorously monitor the performance of the contractor during the course of the contract. Staff will ensure the work is delivered in accordance with the contract specifications, budget and on time. Performance will be evaluated in accordance with TCHC's Vendor Compliance evaluation system. Results gathered through project reviews can be used to support decisions to remove underperforming vendors from TCHC's rosters and/or future bidding opportunities.

Funding for this award is within the program budget of the 2020 Capital Budget.

SIGNATURE:

"Darragh Meagher"

Darragh Meagher
General Counsel and Corporate Secretary

Attachment 1: RFP Submissions

Reason for Confidential Attachment: Third party commercial information supplied in confidence and commercial information belonging to TCHC that has monetary value or potential monetary value and whose disclosure could reasonably be expected to be injurious to its financial interests

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